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Correspondence Memorandum

Date: June 9, 2020

To: Group Insurance Board

From: Renee Walk, Lead Policy Advisor
Office of Strategic Health Policy

Subject: ETF COVID-19 Update

This memo is for informational purposes only. No Board action is required.

Background

At the May 13, 2020, meeting of the Group Insurance Board (Board), the Department of Employee Trust Funds (ETF) provided a summary of the current status and effects of COVID-19 on the Group Health Insurance Program (GHIP) (Ref. GIB | 05.13.20 | 3). At that meeting, ETF noted how rapidly changes had developed over the past two months and offered the Board four options for remaining engaged with issues and decisions related to the pandemic. The Board elected to host an additional Board meeting in June.

This memo provides a summary of what is known to date regarding the effects of COVID-19 on the Board's population and programs.

Recent Legislation & Guidance

Following the rapid development and passage of legislation in March and April, both federal and state legislative changes have slowed. At the federal level, discussion of an additional COVID-19 relief bill continues. Among the items offered for inclusion is proposed funding for states to offset lost tax revenues. The Health and Economic Recovery Omnibus Emergency Solutions (HEROES) Act passed the House of Representatives in May by a small margin. However, Senate leaders have voiced concerns about moving forward with additional stimulus at this time, and the bill will not likely move forward.

In the meantime, several federal agencies have issued guidance related to COVID-19 testing and employer group health plan coverage. On May 4, the Internal Revenue Service (IRS) and Employee Benefits Security Administration issued a rule related to the timeframes surrounding COBRA notifications.[1] The rule requires that employers

[1] Federal Register. *Extension of Certain Timeframes for Employee Benefit Plans, Participants, and Beneficiaries Affected by the COVID-19 Outbreak.*

Reviewed and approved by Eileen K Mallow, Director, Office of Strategic Health Policy
Eileen K Mallow Electronically Signed 6/12/20

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disregard the "outbreak period" when determining the timing of COBRA notifications and premium payments. The "outbreak period" is defined as March 1, 2020, through 60 days following the declaration of the end of the national emergency caused by COVID-19. No date has been announced for the end of the emergency. Further, the Trump Administration can declare an end to the emergency in specific localities before others. This means that there could potentially be many months of delay between when a person has a COBRA-qualifying event, when they apply for coverage, and when they pay premiums. During this period, individuals could not be denied coverage, although if members fail to pay premiums in full by the end of the allowed timeframes, their claims would be retroactively adjusted, and they would be billed for any services. The rule notes that non-federal governmental health plans are encouraged to comply but are not required to comply[2]. Options for responding to this announcement are provided in Item 4B of this meeting.

On May 12 the IRS released two additional notices, Notice 2020-29 and Notice 2020-33. These notices provide for additional flexibilities for employers in administering Section 125 Cafeteria Plans. Additional information and recommendations for how the Board should react to the changes in these notices is included in Item 4B of this meeting (Ref. GIB | 06.29.20 | 4B). In addition to Cafeteria Plan changes, Notice 2020-29 provides clarification to Notice 2020-15 regarding telehealth coverage as well as coverage of COVID-19 testing. Notice 2020-15 allows health insurers offering high-deductible health plans (HDHP) to cover telehealth services without member cost sharing without making a member ineligible to contribute to a health savings account (HSA). This safe harbor extension is for plan years beginning on or before December 31, 2021. Notice 2020-29 allows health plans to backdate the safe harbor coverage to January 1, 2020. Given the likelihood of increased costs to the plan without concurrent cost reductions, ETF is not offering a recommendation to the Board regarding adopting this change. Health plans may make the business decision to adopt this change. As of the drafting of this memo, ETF is working with health plans to understand how they have chosen to adopt this change. Notice 2020-29 also provides additional clarification on the services that can be reimbursed pre-deductible for an HDHP; details on that are included in the subsection regarding testing below.

On June 4, the Centers for Disease Control and Prevention (CDC) issued new guidance requiring labs that test for COVID-19 to collect and submit racial and ethnic information for both positive and negative test results. The stated goal of this measure is to better understand health disparities, given the disproportionate effect that COVID-19 has had on Black communities. The Wisconsin Department of Health Services (DHS) already collects this information, and Wisconsin's own data reflects the deep disparities in both cases and deaths among our Black citizens. The DAISI data warehouse does not yet

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https://www.federalregister.gov/documents/2020/05/04/2020-09399/extension-of-certain-timeframes-for-employee-benefit-plans-participants-and-beneficiaries-affected

[2] Center for Medicare & Medicaid Services. *COVID-19 Letter to Non-Federal Governmental Plans.* https://www.cms.gov/files/document/COVID-19-Letter-to-Non-Federal-Governmental-Plans.pdf

collect racial or ethnic data; therefore, ETF is unable to state with certainty the trend is similar in the group health insurance program's membership.

ETF continues to monitor legislative and administrative changes related to group health insurance plans and will provide any additional information to the Board in August.

Benefit Coverage Clarifications
Several questions have arisen regarding coverage availability and limits for services related to COVID-19.

COVID-19 Testing Types and Coverage
There are two categories of testing for COVID-19: diagnostic and antibody. Diagnostic testing is testing for an active infection with the virus. Diagnostic testing is generally the focus of testing goals set by state and federal officials. On April 27, 2020, the Trump Administration announced new goals for diagnostic testing, targeting five million tests per week by May. As of May 18, nationwide testing capacity is approximately two million tests per week. Wisconsin's statewide testing goal is approximately 12,000 tests per day, or 85,000 tests per week; current lab capacity in Wisconsin is around 15,000 tests per day, and in recent weeks Wisconsin's DHS has reported that capacity as being all or mostly utilized. Early in the pandemic, diagnostic testing was limited to those who were hospitalized; the criteria has since been broadened to anyone who has symptoms of COVID-19 and anyone with a known exposure to a person who has tested positive for COVID-19. People who have known exposure or who have symptoms can contact their doctor and ask to be tested or can go to a community testing site. Per the DHS website, testing will be provided at no cost, though some locations may require a doctor's note to receive a test. Community testing sites are generally being established and managed locally, though information on such sites can be found on the DHS website.

Antibody testing tests the blood for antibodies to COVID-19. While there is hope that antibodies will provide some protection against a second round of the illness, the nature or duration of any immunity provided by antibodies is not yet known. The tests will be important in determining how widespread the virus has been in the population. Members should approach these tests with some caution, however. There are approximately 90 antibody tests on the market, but only 16 have received emergency use authorization by the U.S. Food and Drug Administration (FDA)[3], and there are substantial questions about the accuracy of many of these tests. CDC and other health authorities note that a positive antibody test should not be used to justify stopping physical distancing or hygiene practices.

Following several legislative changes at the state and federal level in March, coverage of testing by group health insurance plans is now required. The Center for Medicare & Medicaid Services (CMS) clarified in a publication that antibody testing is covered as a

[3] FDA. EUA Authorized Serology Test Performance. https://www.fda.gov/medical-devices/emergency-situations-medical-devices/eua-authorized-serology-test-performance

part of the testing coverage mandate, though the CMS and the FDA both caution that they are not a sufficient test to diagnose an active infection because antibodies usually emerge a short time after an infection begins. If a member of the Board's programs wishes to obtain either antibody or diagnostic testing, the member is guaranteed coverage for these services in-network and without cost. Members should be mindful of where tests are received. 2019 WI Act 185 allows for out-of-network coverage, that coverage is only available if in-network capacity cannot meet current need. ETF has received no notification from providers that capacity is an issue, so tests received from non-network providers may not be covered.

Members who seek testing from any of the Wisconsin National Guard-supported testing sites will receive those tests at no cost, as they are being provided through local public health funds. These sites currently only provide diagnostic testing.

ETF is also aware that some state employers are considering options for testing employees as a part of return-to-work plans. Uniform Benefits (UB) currently excludes pre-employment physicals or testing, so this testing would not be covered by the GHIP. However, should a test discover an active infection that later needs medical treatment (e.g., hospitalization), that treatment would be covered by the GHIP under UB.

Telehealth Coverage
The CARES Act also expands coverage to telehealth services, including providers who have transitioned their services from office to home in order to continue care. In the COVID-19 response memo presented in May (Ref. GIB | 05.13.20 | 3), ETF noted that our plans will reimburse for telehealth services, including the service expansion, and that our plans are following the concurrent high-deductible health plan guidance allowing coverage of telehealth before the deductible is met. Questions have arisen regarding how cost sharing should be allocated for services that would have historically been provided in office but have moved online due to the pandemic, and ETF noted concerns regarding the effect of eliminating cost sharing so broadly for services. ETF requested information from the Board's actuary, Segal, on how other states are covering telehealth services formerly offered on site. Segal stated that these services are generally still subject to the same cost sharing that they would have been if the member had been seen in person. Therefore, ETF has not asked health plans to expand the $0 copay for telehealth beyond services that would have been covered at $0 before the pandemic.

Employer Layoff Question Clarification
At the May 2020 Board meeting, a Board member raised questions regarding some confusing language related to layoff and the use of sick leave hours to pay for health insurance premiums. ETF has worked with the Department of Administration's Division of Personnel Management to clarify policy regarding sick leave and layoff.

State, University of Wisconsin (UW), and UW Hospitals & Clinics (UWHC) employees who are subject to layoff can request their sick leave hours be converted to pay for

health insurance in the event of a permanent layoff. Sick leave cannot be converted to pay any portion of health insurance premiums if the layoff is only temporary. A temporary layoff is a short-term leave of absences such as summer or other seasonal layoff. This includes a temporary reduction of work hours, work share, or other unpaid leave that is being taken with the understanding that the employee will return to full duty at a scheduled date. A permanent layoff is just that: a permanent reduction in a position or elimination of the position with no expectation that the position will be returned or used for the same purpose. In this case, the employer-employee relationship is terminated.

Employees who are permanently laid off will be eligible for their employer's contribution to their health insurance premiums for the first three months (following any prepaid premiums). The employee must pay the employee's share of the premium during this time. If the employee has sick leave available, the employee can use that sick leave to pay the employee share of premium during this three-month period. After the employer's share ends, any remaining sick leave can be used to pay the full premiums for up to five years or until the sick leave is exhausted.

Employees who are temporarily laid off will also be eligible for employer contribution during the first three months of a temporary layoff. Those employees will need to pay for their share of premiums; sick leave cannot be used in this case.

ETF has updated language in the administration manual used by State, UW, and UWHC employers to clarify that sick leave may only be converted for permanent layoff. A communication was sent to all employers in early June calling attention to this change.

Health Impacts
ETF continues to monitor health impacts to our population that result from COVID-19. The first data from the beginning of the outbreak is only now becoming available and health impact information will still lag for the time being. Securian, the Board's life insurance vendor, has reported seven deaths in the Board's population from COVID-19.

Navitus Health Solutions (Navitus), the Board's pharmacy benefit manager, has not reported any substantial trends from pharmaceutical data. More detailed information will be provided to the Board as soon as it is available.

Quality Impacts
In June clinics began to accept more patients for in-person visits, with precautions. The availability of services statewide varies by region and local public health limitations. ETF has not received any reports that indicate a lack of access to necessary services, whether from members or health plans. ETF will monitor the effects of the pandemic on quality as more data becomes available.
ETF is monitoring the COVID-19 tests on the market and has some concerns regarding the reliability of the information that some tests provide. We continue to advise

members who seek antibody testing to exercise caution in where they are receiving testing; that they try to obtain testing through their doctor's office if possible to maintain continuity of care; and that they do not change either physical distancing or hygiene habits due to test results. ETF will continue to monitor the FDA's website for information on the quality and validity of COVID-19 tests.

Effect on Program Costs

ETF continues to monitor programs to determine how the pandemic will affect program costs. To determine how to factor in any service reductions as we negotiate health plan rates, ETF has requested input from health plans on how they have incorporated COVID-19 effects into their preliminary bid requests. An initial review of rates will be held in closed session at the June 29, 2020, meeting and will include preliminary outcomes from this information request. Final health insurance rates will be discussed in open session at the August meeting.

The cost impacts on the pharmacy and dental programs are much more immediate. Navitus Health Solutions (Navitus), the Board's pharmacy benefit manager noted an early increase in claims, due in part to early or extended refills for certain drugs as members prepared for a lockdown. This trend has evened out over the interceding months and is not expected to have a substantial effect on the rates for 2021. A review of the components of the 2021 rates will be presented to the Board in closed session at the June 29, 2020, meeting and rates will be discussed publicly in August.

Dental claims have reduced substantially over the past three months. Table 1 shows the claims trend for 2020 versus the same time period in 2019.

Table 1. Uniform Dental Claims Expenditures and Counts, 2019 v. 2020

	Spend			Claims		
	2019	**2020**	**Change**	**2019**	**2020**	**Change**
1st week in March	$1,131,265.24	$1,131,715.41	0%	8,259	7,957	-3.7%
2nd week in March	$1,097,321.19	$974,009.30	-11.2%	8,116	7,011	-13.6%
3rd week in March	$1,168,532.77	$836,046.49	-28.5%	7,774	5,591	-28.1%
4th week in March	$1,052,804.49	$155,455.05	-85.2%	7,968	1,644	-79.4%
1st week in April	$1,269,998.46	$265,096.80	-79.1%	9,170	2,441	-73.4%
2nd week in April	$1,035,239.84	$71,792.54	-93.1%	7,564	734	-90.3%
3rd week in April	$1,217,571.76	$55,144.53	-95.5%	8,082	630	-92.2%
4th week in April	$1,085,955.04	$161,490.59	-85.1%	7,901	586	-92.6%
1st week in May	$1,249,590.81	$191,623.40	-84.7%	9,182	1,934	-78.9%

2nd week in May	$1,073,823.52	$141,467.12	-86.8%	7,869	1,141	-85.5%
3rd week in May	$1,124.375.41	$298,873.83	-73.4%	8,313	2,292	-72.4%
4th week in May	$1,212.124.15	$595,782.56	-50.8%	8,103	3,580	-55.8%
1st week in June	$1,049,487.80	$594,157.22	-43.4%	7,903	4,237	-46.4%

Dentists have begun to reopen and see patients for more than emergency services again, which can be seen in the positive trend in the last week of May and first week of June. Delta Dental (Delta), the Board's dental benefit administrator, provided a 50% credit for administrative fees for the Uniform Dental Benefit in April 2020, credited to May fees. A total of $53,784.63 was credited to the program.

While ETF is not expecting substantial changes to program costs in 2020, we are aware of the broader financial context in which members live that could affect their personal financial stability. ETF has begun an initial analysis of member salaries, based on information provided to Securian. Reported salary information from 2019 was compared to the Area Median Income (AMI). AMI is used by many federal agencies, including Housing and Urban Development, which uses it to determine eligibility for subsidized housing. 80% of AMI in a given area is considered "low income." According to the salary information ETF has available, 44% of public employees make 80% or less of AMI, meaning that this population is potentially at risk of not being able to afford housing. It is important to note that ETF does not have access to wage data from other household members to know whether there is another person earning income in a household. But in the context of unstable economic times, public employee wage earners may become even more important breadwinners if a spouse loses a job. At the same time, state and local budgets become more strained due to shrinking revenue, which will affect both the employer's ability to offer and pay benefits, as well as their ability to recruit and retain employees. For these reasons, affordable benefits will become even more critical to maintain.

ETF Business Response
Despite the rapid move of employees to offsite work, ETF has seen very limited changes to daily operations. In addition, vendors have reported little to no service disruption throughout transitioning to remote work.

In addition: ETF will not attend benefit fairs in person and is instead investigating virtual options to provide benefits information. ETF has notified health plans and employers that it will be up to their own internal policies whether they attend health fair events -- ETF will not compel plans to attend in person. More information on ETF's approach for open enrollment will be available at the August Board meeting.

Staff will be available at the Board meeting to answer any questions.